

Hull and East Yorkshire LEP

Paper C – Growth Hub Operational & Review Update

Report to the Business Support Board, 17 March 2022

Report from Jon Brunton, Growth Hub Manager and Laura Barley, Business Programme Manager

1. Summary

1.1. The HEY Growth Hub continues to deliver a suite of funded business support services in the region and is expanding its team with new job posts. This paper provides an operational update on the Growth Hub for the financial year to date, as well as an update on the ongoing work to review the Growth Hub.

2. Recommendations

2.1. That the Board notes the latest operational update.

3. Business Intelligence

3.1. The Growth Hub is responsible for the gathering and monitoring of business intelligence, economic trends and issues in the Hull and East Yorkshire region. This is reported into BEIS on a monthly cycle, using a prescribed intelligence monitoring template.

3.2. Some of the salient business intelligence trends seen over recent weeks includes:

- **Labour Market Issues** – we are aware of acute labour shortages in the region. Many businesses are finding recruitment of new staff difficult and it appears that many businesses are having to increase wages to retain staff.
- **Supply Chain Costs** – we have received numerous reports of increased raw material and component costs in various supply chains. This has been variously ascribed to global product shortages, Brexit driven import & export costs rises, and general economic inflation. SMEs are trying to absorb costs but with the current economic inflation pressing on other business overheads this is proving harder to do and increasingly these cost increases are being passed on to the customer.
- **Supply Chain Timescales** – we have also been made aware of continued supply chain disruption and resultant delays that this has caused in various supply chains at various tiers. Predominantly this is being ascribed to Brexit driven customs changes and the increased amount of time it is taking for European-sourced goods to transit customs as ports and airports. However, anecdotally it appears that some of these delays are starting to ease a little, though the war in

Ukraine is seen as a possible threat to some supply chains, not for the food, advanced manufacturing, and pharmaceutical sectors.

- **Consumer Confidence** - Businesses in the leisure, retail and hospitality sector are still facing a reduction in consumer demand due to Covid and more recently due to economic inflation and its effects on household finances. Many leisure and hospitality businesses, such as pubs and gyms, reported their lowest level of January trade since their records began. It is not yet known if suppressed consumer demand is a longer-term structural issue or a Covid-specific issue which will pass in time.

3.3. The Growth Hub team have recently undertaken a mini review of the methodology that sits behind the gathering, monitoring, analysis and use of this business intelligence. This review has allowed for an update to be made to this methodology, including broadening the stakeholder base from which intelligence is gathered, streamlining the internal reporting documents, and refining the review process prior to report submission.

4. Operational Update

4.1. Confirmation of funding from BEIS for 2022/23 remains outstanding which is causing uncertainty amongst staff and is also impacting on the Growth Hub's ability to plan effectively for next financial year. It is hoped that a further update will be available by the time of the next Business Support Board.

4.2. A further **HEY Start-Ups** Fast-Track programme was delivered in January which attracted more attendees than the previous programme and positive feedback was received.

4.3. A radio campaign to promote the start-up support available has been trialled and initial indications have shown that this has had a direct impact on the number of bookings onto the HEY Start-Ups workshop and masterclass programme. The Growth Hub is also undertaking some Search Engine Optimisation and pay-per-click advertising to increase awareness of the HEY Start-Ups website and support available. Both activities have not been trialled previously and the impact of them will be assessed and used to inform future marketing and communications activity.

4.4. The **HEY Workforce** website development is well underway and once complete will provide a useful online resource which pulls together all the support, information, and guidance available to help businesses / employers to support and develop their workforce. It will also provide useful links to locally funded support and provide a referral route into the support provided by the Workforce Development Business Advisor.

4.5. The **Peer Networks** Programme is in the final month of delivery and has recruited 98 businesses to participate in the programme. All except one of the cohorts is underway and feedback has been really positive from participants.

The levels of attendance have been suffering from a range of reasons, with Covid-19 remaining a significant factor, with people either being off due to Covid or people having to cover for people that are off work due to illnesses, people just forgetting to attend and other work pressures impacting on attendance. The team send regular reminders about forthcoming sessions and have flexed their delivery to try and re-engage participants including face-to-face delivery, shorter bite-sized sessions, themed sessions etc. The delivery organisation is doing everything they can to try and engage people and retain them on the programme.

- 4.6. A number of large procurements will be taking place over the next two months as part of the **#GrowMySME** Business Growth Scheme including the re-procurement of the Workshop Programme, Social Enterprise Support and Scale-Up programme.
- 4.7. Recruitment has been underway since the last meeting to fill the two vacant administrative posts. One post has been recruited to and the successful candidate will be joining the team at the end of this month. It is hoped that the other post will be filled with a potential start date in April.
- 4.8. The Business Growth Scheme has already achieved some of its contracted outputs and is now focusing on those outputs that remain outstanding in particular the delivery of 12-hour assists which have been more challenging to achieve as a result of the pandemic and other business pressures.
- 4.9. ICT for Growth has relaunched its grants schemes with further funding available to support IT focused start-up grants and additional funding for the wider ICT Grant scheme. Grants of between £1,000 and £2,500 have been available to SMEs in the Humber since the relaunch at the end of January. The vacant ICT Advisor post has now been filled so the team is back up to full capacity.
- 4.10. Finance for Growth grants are still open for applications, with a reduced maximum grant value of £2,500. Grant support is focusing on encouraging smaller grant projects to come forward to support output delivery and to enable more SMEs to benefit. The team is developing a three-month forward plan of workshops and events which will commence in late March / early April.

5. Growth Hub Review

- 5.1. As part of the review of the Growth Hub a range of consultation activities have been completed since the last update was provided. This has seen a total of 617 business surveys completed via the telephone outreach activity, 92 responses to the online survey and 8 businesses participated in the focus groups. A further 22 stakeholders participated in focus group sessions which means over 730 people participated in the research phase.
- 5.2. KADA Consulting have analysed the data and qualitative information gathered and provided a report which summarises the findings of the research activities.

This has provided a range of useful insights about the progress made direction of travel and future priorities for the Growth Hub which will inform the next phase of the review activities.

5.3. The review process has been delayed by a number of factors including the Government's Levelling Up White Paper being published later than planned, which in turn impacted the launch of the LEP's Economic Growth and Workforce Wellbeing Strategy, as well as increased timescales to gather key data and responses. Now that the summary report from KADA is in hand together with the LEP's published strategy, the final stage of the Growth Hub review can commence, with a final summary report now expected in April.

6. Financial and resource implications

6.1. All Growth Hub activity is accounted for via externally funded programmes. As referred to earlier confirmation of BEIS funding for the Growth Hub delivery in the 2022/23 financial year is still awaited.